

Message from the Secretary of Labor

The U.S. economy over the past few years has performed above and beyond our highest expectations. Real growth in the Nation's output was roughly 4 percent last year, while productivity grew by over 2 percent. The Nation's unemployment rate averaged 4.5 percent for the entire year of 1998, the lowest in almost 30 years. With a rate of inflation of just 1.6 percent last year, we have achieved a combination of low inflation and low unemployment that many had thought was impossible just a few years ago. And wages have consistently outpaced inflation, providing America's workers with real wage gains averaging almost 2 percent a year for 3 consecutive years.

Furthermore, the prosperity of the past few years has been very widely shared. Unemployment rates among minorities and high school dropouts have fallen to some of the lowest rates on record for those groups; and real wage gains among these groups have exceeded the national average.

Still, some areas of concern remain. The gaps in wages between more- and less-educated workers that widened so dramatically in the 1980s and early 1990s remain large. Families that once could have lived comfortably on the paycheck of one earner now often require two to make ends meet. And, in a dynamic economy in which the forces of technology and international trade sometimes create job losses, as well as job gains in certain industries, worker insecurity and anxiety have remained high, despite the economy's stellar performance.

Against this backdrop, the 1999 *Report on the American Workforce* presents three chapters that deal with important and timely labor market issues. The first presents evidence on how two very different industries—automobile manufacturing and help supply services—have been affected by the growing competitive pressures on American companies to improve productivity and reduce costs. Flexible production techniques and “just-in-time” methods in autos and other manufacturing industries have raised the need for the “temps” that the temporary help industry provides. But relatively low wage and benefit levels, along with uneven employment opportunities, remain problems for those employed as contingent workers.

In an economy where what we earn very much reflects what we learn, the second chapter provides important new evidence on the kinds of skills that matter in the labor market. A wide range of skills is important in the new economy: Formal education and workforce experience, on-the-job training, and a variety of competencies needed to perform different occupations all are rewarded. Workers must enter the workforce with strong basic and job-related skills, and they must be prepared to learn new skills continuously in their places of employment, over the course of their lives.

The final chapter presents data on trends in the numbers of hours worked by American workers. While the overall number of hours worked has been fairly constant over time, this fact masks several important trends—the rise of hours worked among women, their fall among less-educated males, and the growing use of overtime and non-traditional hours by some in the workforce. Both one- and two-earner families have difficulty balancing the needs of home and children versus those of the workplace.

Together, these chapters highlight a number of important themes. For one thing, a wide range of skills must be provided to U.S. workers in many different contexts. The Clinton Administration has implemented a number of policies that encourage higher levels and improved quality of schooling, such as expanded funding for Head Start and Pell Grants, Hope Scholarships, and School-to-Work grants. The new Workforce Investment Act promises to provide more coherence, quality, and choice to workers seeking job training in local “One-Stop” centers. But now we must ensure that no one is left behind.

Despite the progress of the last several years, certain groups continue to experience weak attachment to the labor market or high unemployment. For instance, African-American teens still suffer unemployment rates of nearly 30 percent, just as they did 20 years ago during an earlier boom. And while welfare recipients have entered the labor market in record numbers, many experience frequent job turnover and low earnings, while those on the rolls increasingly reflect a hard-to-employ population. Programs that raise the skills of these groups and enable them to enter and prosper in the mainstream economy should be among our highest priorities. And those workers who have been displaced by new technology, international trade, and other sources of workplace restructuring must be ensured access to the kinds of reemployment services that will enable them to regain the earnings and employment that they have lost through no fault of their own.

As employment rates rise among the less-skilled population, we also need to ensure that “work pays” for everyone. Expanding the Earned Income Tax Credit and raising the minimum wage have been two key components of our strategy to make this a reality. Furthermore, we need to ensure *equal pay* and equal employment opportunities for all workers, regardless of gender or race. It is unacceptable that women still earn only about 75 cents for each dollar earned by men and that discrimination and occupational segregation continue to limit their advancement. We will strengthen enforcement of our Equal Employment Opportunity laws and educate both employers and workers about how to make equal opportunity a reality once and for all.

Since 80 percent of families now depend partly or fully on the paychecks of mothers, equal pay is not just a women’s issue—it’s a *family* issue, as well; and helping families deal with the competing needs of the home and the workplace must also be among our highest priorities. Increasing the amount of financial support we provide for child care expenses and the coverage of the Family and Medical Leave Act are two important vehicles through which we could reduce the stress associated with balancing work and family life.

Achieving security for workers and their families requires not only healthy paychecks for employees but also access to a range of important benefits. For instance, only half of all employees today, and well under half of all female employees, are covered by a workplace pension. Yet, our needs for retirement income will continue to rise over time, as medical advances improve our life expectancies and as senior citizens become a larger segment of the population. It is, therefore, critical to ensure adequate pension coverage for all workers, especially lower-wage workers and those who work in small establishments. Making it easier for small employers to establish pension plans is one way to improve this coverage. Of course, reforming Social Security to ensure its fiscal stability throughout the 21st century is another critical piece of our plan to ensure security for all present and future retirees.

Finally, we need to ensure that all employees feel secure during their working lives, as well as in retirement. A Patient's Bill of Rights should make workers feel secure about the quality and coverage of health care benefits they receive. Full enforcement of occupational safety and health regulations would also strengthen that sense of security, by further reducing the hazards and injuries associated with work.

In short, we are enjoying an unprecedented period of economic prosperity and well-being in the United States today. By implementing the right policies, we can ensure that this prosperity is fully shared by all, and that workers and their families enjoy the fairness and security they deserve.

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